

Adoption Tax Credit (IRS Form 8839)

Quick Facts

- Nonrefundable for 2012
- Maximum \$12,650 income **exclusion** per eligible child
- Maximum \$12,650 **credit** per eligible child
- Eligible child = under 18 or physically/mentally unable to care for self
- Must paper file

Exclusion vs. Credit

- Exclusion = allows you to exclude employer-provided adoption benefits from your income, and must be taken into account before the credit is calculated
- Credit = allows you to reduce your tax liability by the amount of qualified adoption expenses

Qualified Adoption Expenses

- Reasonable and necessary: adoption fees, court costs, attorney fees, traveling expenses (including meals and lodging away from home)
- Other expenses directly related to and for the principal purpose of legally adopting an eligible child
- NOT qualified = adoption of step-children

Limitations

- Income-based phase out of both the exclusion and the credit
- Exclusion and credit for a particular year must be reduced by the amount of qualified expenses used in prior years for the same adoption effort

Other Considerations

- Domestic or foreign adoption?
- "Special needs" child?
- When to claim the credit?

Other Resources

- Fort Carson Office of the Staff Judge Advocate, Legal Assistance Office
 - 1633 Mekong Street, Building 6222
 - 719-526-5572: ask for Melissa Groves
- www.irs.gov: Credits & Deductions
- icpc.aphsa.org: Interstate Compact on the Placement of Children